



3.0 BENEFITS, COSTS, AND RISKS

Impacts of Movement to New COD Process: Schools

**All comparisons are from the current process to the end state of the common process (100% of schools using the common process).*

Note that both processes will be in place during transition

| Benefits | | Current Processes | Common Process |
|----------|--|-------------------|----------------|
| 1 | Better access to data | | |
| | •Increased access to SFA database/ services | | X |
| | •Access to data through single portal | | X |
| | •Ability to download data for institution research | | X |
| | •Access to real-time data, from best available sources | | X |
| | •Increased capacity to manage default rate | | X |
| 2 | Reduction in errors due to real-time Web-based edits | | X |
| 3 | Flexibility to send records via batch or real-time (initial, confirmation, changes) | | X |
| 4 | Real-time acknowledgements | | X |
| 5 | Real-time exception processing | | X |
| 6 | Flexibility to send one record per student/ disbursement | | X |
| 7 | No changes required to business processes to support | X | |
| 8 | Reduced processing costs (one process, single layout, same definitions, etc) | | X |
| 9 | Faster access to cash in bank | | X |
| 10 | Provision for emergency advanced funding | X | X |
| 11 | Increased data integrity (due to real-time and best source) | | X |
| 12 | Increased fiscal integrity | | X |
| 13 | Less person time managing systems | | X |
| 14 | Reduction in after-the-fact downward adjustments due to improper reporting and reconciliation | | X |
| 15 | Ability to draw down less than the approved amount of funds (in order to minimize the potential for excess cash) | X | X |



Common Origination and Disbursement Process Reengineering Options and Analysis

Impacts of Movement to New COD Process: Schools (cont.)

| Costs | | Current Processes | Common Process |
|-------|---|----------------------|-------------------|
| 1 | Sustain three separate processes for reporting and reconciliation | X | |
| 2 | Lengthy reconciliation | X | |
| 3 | Annual updates | X | X |
| 4 | Development of major systems changes | | X |
| 5 | Cost of training staff on new process | | X |



Common Origination and Disbursement Process Reengineering Options and Analysis

Impacts of Movement to New COD Process: Schools (cont.)

| Risks | Current Processes | Common Process | Potential | Risk Analysis | |
|--|-------------------|----------------|-----------|---------------|--------------------|
| | | | | Impact | Ability to Control |
| 1 Removing the ability for schools to access funds via advanced funding lessens their flexibility | | X | High | Medium | Low/High* |
| 2 Inability to adjust business processes to support common process and just-in-time | | | | | |
| • Inability to efficiently move to upfront reporting may impact cash flow | | X | Medium | Medium | Low/High* |
| • Inability to efficiently move to upfront reporting/ change other key business processes may impact ability to get funds to students and, therefore, effect enrollment and retention | | X | Low | Medium | Low/High* |
| • No access to funds – have to front own funds/can't afford to pay student | | X | Medium | High | Low |
| 3 Data integrity issues related to any possible conversion | | X | Low | High | High |
| 4 Software vendor is unable to modify system to support process | | X | Medium | High | Medium |
| 5 If the problems cannot be solved quickly and explained sufficiently, students may call or have parents call to resolve problems, therein flooding the financial aid offices with more calls. | | X | Low | Medium | High |

Risk impact can be controlled through detailed implementation planning, strong communications throughout the entire project, and having back-up systems in place.

*ability to *alleviate potential* is low, but ability to *mitigate impact* is high.



Common Origination and Disbursement Process Reengineering Options and Analysis

Impacts of Movement to New COD Process: Department of Education

**All comparisons are from the current process to the end state of the common process (100% of schools using the common process).*

Note that both processes will be in place during transition

| Benefits | | Current Processes | Common Process |
|-----------------|--|--------------------------|-----------------------|
| 1 | Schools will have less trouble reconciling program funds. This means CSR's and Title IV Ops accountants can resolve issues more efficiently because they won't have to go over the same ground with the schools as many times. | | X |
| 2 | Case management people will not have to focus on systems issues as much and will be able to focus on more important compliance issues. | | X |
| 3 | A common system will mean employees spend less time learning about systems or getting access to them, and more time focusing on the information the systems contain. | | X |
| 4 | A common layout means easier access to more data, both at the student level and the school level, for CAM's and case management people. | | X |
| 5 | SFA/CFO will be able to make better reports to Congress and better responses to OIG (because a common, simpler reconciliation process will mean that the funds given to schools will be more timely accounted for) | | X |

Costs

| | | | |
|----------|---|--|----------|
| 1 | Redesigning two systems that are less than five years old – unrealized benefits of new system | | X |
| 2 | System modifications | | X |
| 3 | Additional staff | | X |
| 4 | Contract impacts | | X |
| 5 | Training | | X |
| 6 | Development | | X |



Common Origination and Disbursement Process Reengineering Options and Analysis

Impacts of Movement to New COD Process: Department of Education (cont.)

| Risks | Current Processes | Common Process | Risk Analysis | | Ability to Control |
|---|-------------------|----------------|----------------|---------------|--------------------|
| | | | Potential | Impact | |
| 1 Failure to properly communicate roles to staff and provide support could hinder the implementation | | | | | |
| •Insufficient communication of objectives | | X | <i>Low</i> | <i>High</i> | <i>High</i> |
| •Failure to involve all staff/appropriate staff | | X | <i>Low</i> | <i>High</i> | <i>High</i> |
| •Not enough additional resources brought on board to successfully implement while maintaining current processes | | X | <i>Medium</i> | <i>High</i> | <i>High</i> |
| 2 Failure to fully define and communicate comprehensive transition and implementation plan | | X | <i>Low</i> | <i>High</i> | <i>High</i> |
| 3 Community backlash related to second major change in five years | | X | <i>Medium</i> | <i>High</i> | <i>Medium</i> |
| 4 Inability to make required changes to statutes, if applicable | | X | <i>Medium</i> | <i>High</i> | <i>Low</i> |
| 5 Inability to properly manage 'bumps' during Year One can impact credibility and full implementation | | X | <i>Medium</i> | <i>High</i> | <i>High</i> |
| 6 School submits records for all potential recipients because it is not sure which students will enroll. If a record is submitted and the student does not enroll, the school has received funds in excess of true need. | | X | <i>Unknown</i> | <i>Medium</i> | <i>Medium</i> |
| 7 Data integrity issues related to any required conversion | | X | <i>Medium</i> | <i>High</i> | <i>High</i> |
| 8 Inability to properly maintain operations in emergency situations | | X | <i>Low</i> | <i>High</i> | <i>High</i> |

Risk impact can be controlled through detailed implementation planning, strong communications throughout the entire project, and having back-up systems in place.



Common Origination and Disbursement Process Reengineering Options and Analysis

Impacts of Movement to New COD Process: Students

**All comparisons are from the current process to the end state of the common process (100% of schools using the common process).*

Note that both processes will be in place during transition

| Benefits | | Current Processes | Common Process |
|-----------------|--|--------------------------|-----------------------|
| 1 | Potential for real time exception processing - would enable exception students to get money faster | | X |
| 2 | Improved access to data | | |
| | • Students will be able to check account history online and only have to check one place to receive all information | | X |
| | • Access to timely/accurate data | | X |
| | • Better capacity to manage debt | | X |
| 3 | With improved edits and reduced internal checking within ED systems, fewer students put on "hold" for resolution | | X |
| 4 | Students receive better customer service - with staff having to master only one system, their energies can be more focused on customer service | | X |

Costs

| | | | |
|----------|--|--|----------|
| 1 | Possible "glitches" during transition to COD may disrupt flow of funds to students | | X |
|----------|--|--|----------|



Common Origination and Disbursement Process Reengineering Options and Analysis

Impacts of Movement to New COD Process: Students (cont.)

| Risks | Current Processes | Common Process | Potential | Risk Analysis | |
|---|------------------------------|---------------------------|------------------|--------------------------|-------------------------------|
| | | | | Impact | Ability to Control |
| 1 Not getting funded if school cannot submit records prior to disbursement | X | X | <i>High</i> | <i>High</i> | <i>High</i> |
| 2 If a school phases in before they are truly ready, there may be more mistakes and the students could see a delay in getting their money. | | X | <i>High</i> | <i>High</i> | <i>Medium</i> |
| 3 If a school is ill-prepared for problems that arise, customer service may fall short in many areas. The school may not be able to handle calls in a timely fashion, therefore leaving the student without an answer or the school may not be able to fully explain the problem, leaving the student's problem unresolvable at that time. | | X | <i>Medium</i> | <i>Medium</i> | <i>High</i> |
| 4 Increased potential for loan and additional interest if school doesn't report changes in a timely fashion | | X | <i>Medium</i> | <i>High</i> | <i>Medium</i> |
| 5 Data integrity issues related to any required conversion | | X | <i>Medium</i> | <i>High</i> | <i>High</i> |

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Common Origination and Disbursement Process Reengineering Options and Analysis

Impacts of Movement to New COD Process: Taxpayers

**All comparisons are from the current process to the end state of the common process (100% of schools using the common process).*

Note that both processes will be in place during transition

| Benefits | | Current Processes | Common Process |
|----------|---|-------------------|----------------|
| 1 | Consistent support of Title IV program support by ED (all treated and reconciled/the same schools deal with the systems at the same) | | X |
| 2 | Better fiduciary management and fiscal control | | X |
| 3 | Provides evidence that PBO can address Congress' charge to integrate legacy systems | | X |
| 4 | Better access to data at ED provides better information to Congress and other cognizant bodies | | X |
| 5 | Makes fraud more difficult. Under routine circumstances, schools will not be able to draw funds up to an initial authorization without providing supporting documentation | | X |
| Costs | | | |
| 1 | Opportunity costs and lost interest on funds tied up at schools until final reconciliation/ downward adjustments | X | |



Common Origination and Disbursement Process Reengineering Options and Analysis

Impacts of Movement to New COD Process: Taxpayers (cont.)

| Risks | Current Processes | Common Process | Potential | Risk Analysis | |
|---|------------------------------|---------------------------|------------------|--------------------------|-------------------------------|
| | | | | Impact | Ability to Control |
| 1 Implementation risks common to students, schools, and ED | | X | <i>High</i> | <i>High</i> | <i>High</i> |
| 2 Enormous cost of failure | | X | <i>Medium</i> | <i>High</i> | <i>High</i> |
| 3 Lack of fiscal control brings continuation of programs into question | X | | | | |
| 4 Fragmented information makes identification of high-risk institutions and, therefore, protection of student interests, difficult | X | | | | |

Risk impact can be controlled through detailed implementation planning, strong communications throughout the entire project, and having back-up systems in place.